

DHCS



California Department of
HealthCareServices

STRATEGIC PLAN

MISSION

To preserve and improve
the health status of
all Californians

CORE VALUES

Service
Accountability
Innovation

VISION

Quality health care will be
accessible and affordable
to all Californians



MESSAGE FROM THE DIRECTOR

Each and every day, the programs administered by the Department of Health Care Services (DHCS) touch the lives of nearly 7 million Californians. We work closely with health care professionals and organizations, county governments, and health plans in the administration of health care programs and services. DHCS is the single largest purchaser of health care in California. We play a critical role in support of California's health care safety net.

The health care programs and services administered by and financed through DHCS provide California's low-income families, children, pregnant women, seniors and persons with disabilities with access to critical health care. DHCS programs include Medi-Cal, California Children's Services, the Child Health and Disability Prevention Program, and services that support rural health delivery systems, farm worker communities, clinic systems and American Indian populations.

The DHCS Strategic Plan will guide the Department's activities, practices, goals and aspirations as a health care purchaser and guardian of safety net services. The plan describes the Department's mission, vision, values, and the seven goals and corresponding objectives that we seek to accomplish. The DHCS Strategic Plan is the road map for the Department's work.

California is currently facing significant fiscal challenges which have required policy makers to make difficult policy decisions about service levels and staff resources. While fiscal challenges may delay progress on achieving our goals and objectives, the need for a roadmap is no less essential than in times of prosperity. During these difficult budgetary times, our strategic plan will help focus us on how best to use available resources to advance our mission. When the fiscal climate improves, the strategic plan will guide us in building on our foundation as we strive to preserve and improve the health status of all Californians.

We will periodically review and update the plan. Comments and feedback regarding any aspect of this document are welcomed and valued and will be taken into consideration as the Department moves forward with the implementation of the plan. Comments may be directly submitted to the Department at StrategicPlan@dhcs.ca.gov.

On behalf of the employees of DHCS, we are honored to serve the people of California and look forward to your partnership in advancing the health status of Californians.

*Sandra Shewry
Director*

The Department of Health Care Services (Department/DHCS) was created July 1, 2007 as a result of Senate Bill 162 (Ortiz, Chapter 241, Statutes of 2006). Senate Bill 162 provided the statutory framework for creating the California Department of Public Health (CDPH) by splitting the California Department of Health Services into CDPH and a reorganized DHCS.



INTRODUCTION

DHCS administers publicly financed health insurance and safety net programs. The following pages describe DHCS' role in State government and the State's health care delivery system, and key trends that influence DHCS' programs. DHCS addresses these important issues through its mission, vision, core values and goals.

DHCS' Role in the California Health and Human Services Agency

DHCS is one of 13 departments in the California Health and Human Services Agency (Agency, CHHSA). The CHHSA Action Plan contains five goals that guide DHCS' work. The CHHSA goals are:

1. Every child will live in a safe, stable, permanent home, nurtured by healthy families and strong communities.
2. Every Californian will have access to high quality, affordable health care coverage.
3. California will support and value healthy lifestyle behaviors, particularly physical activity and healthy eating, to improve health outcomes and reverse the upward obesity trend.
4. Disabled and aged Californians will have the opportunity to live in their own homes and communities (rather than institutional settings) in the most integrated setting possible.
5. California will be maximally prepared to prevent and respond to natural or intentional disasters, including acts of terrorism.

DHCS plays a significant role in achieving the CHHSA goals. DHCS' strategic plan reflects the unique policy and operational contributions DHCS can make in furthering the Agency's goals.

DHCS' Role in California's Health Care Delivery System

DHCS' programs serve approximately 7 million Californians. One in 6 Californians receives health care services financed or organized by DHCS, making the Department the largest health care purchaser in the State. DHCS invests over \$38 billion in public funds to provide health care services for low-income families, children, pregnant women, seniors and person's with disabilities and to maintain the health care provider safety net. The Department's programs provide access to comprehensive health services and emphasize prevention-oriented health care that promotes human health, well-being and individual choice. DHCS ensures appropriate and effective expenditure of public resources to serve those with the greatest health care needs. DHCS programs include Medi-Cal, California Children's Services, the Child Health and Disability Prevention Program, the Genetically Handicapped Persons Program and programs for underserved Californians including farm workers and American Indian communities.

DHCS' Role in California's Comprehensive Health Care Reform

The Governor and legislative leaders made comprehensive health care reform a priority for 2007. In January of 2007, the Governor proposed a reform package based on wellness and prevention, universal coverage, and cost containment. By year's end, the State Assembly passed a bill to provide coverage for up to 4 million of California's uninsured residents. The State Senate did not pass the bill. The Governor remains committed to achieving comprehensive health care reform. Given the Department's role as the single State Medicaid Agency and its expertise in providing coverage and arranging for health care services to hard to reach populations, DHCS will have a significant role in any comprehensive health care reform package that is advanced in California.



KEY TRENDS

Trends in the State's population, the health care delivery system, the economy, government financing, and human resources impact DHCS' work to preserve and improve the health of Californians.

Demographic and Health Status Trends

Demographics California has a changing age structure and a growing minority majority. These trends impact the number and types of health care services that Californians require, the cost of those services and the need for culturally and linguistically appropriate services.



While California's 65 and older population is projected to increase from 11% in 2010 to 14% in 2020,¹ our population is currently younger than the nation's as a whole.



According to 2004 estimates, 45% of Californians are non-Hispanic white, 35% are Hispanic, 12% are Asian, and 6% are African-American.²

Health status While life expectancy continues to increase, a growing number of Californians suffer from one or more chronic conditions. In addition, many Californians have unhealthy lifestyles and behaviors that increase their risk of developing chronic diseases and disability. Finally, disparities persist in health care access and health outcomes by race and ethnicity, income and geography.



In 2003, 43 percent of Californians 18 and older and 22 percent of those under 18 had one or more chronic conditions.³



Californians have gained 360 million pounds of excess weight in the past ten years at a rate that is among the fastest in the country. A third of our children, a quarter of our teens, and over half of all adults are already overweight or obese.⁴

Health Care Delivery System Trends

Rates of insurance coverage Uninsured Californians tend to have relatively poor health status and experience barriers to accessing health care services. Some of those who are or who become uninsured are eligible for DHCS administered programs.



According to a 2005 poll, 4.6% of uninsured adults and 32.4% of uninsured children were eligible for Medi-Cal.⁵

Health care costs Overall spending on personal health care in California reached nearly \$170 billion in 2004 and has grown by an average of 8% annually over the past quarter century. Medi-Cal expenditures alone will total roughly \$38 billion in fiscal year 2007-08.



In 2004, hospital costs increased by 7.0%, physician services by 8.5%, prescription drug costs by 11.3% and long-term care by 8.9% - well in excess of the Consumer Price Index, which increased by 3.7%.⁶



Despite rising State health care costs, Medi-Cal spending per beneficiary in fiscal year 2004 was only 60% of the national average (\$2,535 vs. \$4,248).⁷

Health Care Cost Drivers

Public health care expenditures are a product of the *number of people enrolled* and the *cost per person*. Enrollment depends on the economy, eligibility policies, enrollment practices, and the availability of employer-based coverage. Cost depends on services used, enrollees' health care needs, benefits covered and payment made for benefits, enrollee cost sharing, and general and health care cost inflation.

Access to health care services Some trends threaten to limit access while other trends promise to expand access to vulnerable populations. Limiting trends include (1) a continuing undersupply of nurses, (2) declining numbers of medical doctors opting for careers in adult medicine and family practice (3) declining provider participation in the Medi-Cal fee-for-service program, and (4) increasing hospital and emergency room closures. On the other hand, technology such as telemedicine and online services may expand access for rural and inner-city areas of the State that have a shortage of primary care and specialty providers.

Population and policy trends also impact the type of services Californians access. For example, the increasing number of older Californians – a population trend – and efforts to transition seniors and persons with disabilities into home and community-based care – a policy trend – are driving the need for personal care and assisted living supports.

Quality, transparency and outcomes measurement Consumers and purchasers are demanding greater accountability for quality care and improved health outcomes. Efforts to improve the quality of care and health outcomes include greater use of performance measurement, public reporting and transparency around outcomes, and pay-for-performance programs.

Other Trends To Watch

- Coordination of care for individuals with multiple chronic medical conditions
- Practice of evidence-based medicine
- Access to and use of preventive services
- Improvement in cultural competence of providers and the health care delivery system
- Use of health information technology such as e-prescribing and electronic medical records

Economic Trends

The economy has a major impact on the health care delivery system, the availability of employer-based health care coverage, and state and federal budgets. For example, during economic down-turns, enrollment grows in programs like Medi-Cal as State revenues decline.



Employment-based coverage for the non-elderly population fell from 56.4% in 2001 to 54.3% in 2005.⁸

Government Financing Trends

State and federal fiscal realities influence DHCS' efforts to improve and protect the health of Californians. Public funding for DHCS programs is limited both by available revenues and competing public priorities.

- California has a continuing structural deficit in which current revenues are insufficient to maintain current spending levels. Funding for DHCS programs will be uncertain and constrained until the structural deficit is eliminated.
- New federal laws and regulations have increased the number of restrictions on federal Medicaid reimbursement and program operations. Some of these restrictions make Medi-Cal programs more costly to operate and others eliminate federal funding for aspects of the program.

Human Resource Trends

Like all government employers, DHCS is impacted by a changing workforce and the increasing rate of retirement of long-time skilled employees. California is modernizing its human resource system to respond to these challenges. The mission of the modernization is to recruit, develop and maintain a well-qualified, high-performance workforce. California developed a strategic plan for Human Resources Modernization that lays out specific goals around workforce planning, job classification, compensation, recruitment and selection, and performance management.



MISSION

To preserve and improve the health status of all Californians

Preserving and improving an individual's health status is the desired outcome of public investments in health care and the health care delivery system.

As a major purchaser of health care services and a major financial contributor to the State's health care infrastructure, the Department is poised to play a significant role in transforming the health care delivery system. Across the nation there is increasing interest and focus on improving the quality and efficiency of health care. This interest is reflected in emerging practices such as evidence-based medicine, measurement of health outcomes, transparency of performance and cost, and payment for performance. DHCS will play an integral role in adoption of these practices at the state level in order to achieve the mission of preserving and promoting health.

The Department's work affects everyone in California – not just those served by the Department's programs.

DHCS is more than a health insurance financing organization. Programs administered by the Department comprise a health care safety net that provides access to vital services for all Californians. DHCS also helps fund hospitals and clinics, improving access to care for all California residents. Through its purchasing power, DHCS helps to maintain the viability of safety net and other critical services such as burn centers, trauma centers and children's specialty hospitals. Barriers to health care for any Californian affect all Californians. Lack of health care leads to unnecessary absenteeism from work and school and inappropriate utilization of emergency rooms increases costs and diminishes access for everyone.



CORE VALUES

Service, Accountability and Innovation

We exercise our values through the following beliefs, practices and behaviors:

We recognize that all Californians need high quality health care. The best care is person-centered and tailored to meet the needs of the individual. We are committed to maintaining and improving the health of those we serve.

We assist individuals who are eligible for our programs. We understand the necessity of simplifying our eligibility and enrollment policies and processes. We are transparent in our decision-making regarding program rules.

We strive to ensure access to services. We identify and work to eliminate unnecessary barriers to care. We ensure that there are appropriate professional and institutional networks to provide for the health care needs of those we serve. We understand that access is dependent on reasonable reimbursement for providers and efficient business processes such as provider enrollment, treatment authorization and claims processing.

We endeavor to reduce and eliminate the disparities in health outcomes between different people and groups with the goal of improving health outcomes for all. We work to eliminate variations in the delivery of health care when those differences do not contribute to better maintenance and improved health outcomes.

We value and respect the diversity of our customers. We strive to provide culturally and linguistically appropriate care that meets the needs of the populations we serve.

We provide community-based care alternatives to promote choice. We develop and implement care options to address the continuum of care needs from home care through hospital and skilled nursing care and adult day health care. We respect individuals' autonomy and self-determination.

We act with a sense of stewardship and service to the public. We ensure that maximum value is attained for taxpayer investments in the services we organize, finance and deliver.

We support and protect health care safety net services. We maximize available funds to develop safety net care services that are not broadly available in the community such as burn centers, trauma centers, and children's specialty care.

We clearly communicate our mission to legislators, business partners and stakeholders. We engage stakeholders effectively and enlist them in implementing our vision of quality care that is accessible and affordable. We appreciate the value of collaboration and partnership.

We strive to be excellent business partners. We act with ethical integrity, ensuring that our communication and actions are honest, open and straightforward. We strive to make it easy to do business with our programs.

We are leaders among publicly financed health care programs in adopting promising health care innovations. We are national leaders in drug pricing. We are leaders in developing primary care through community designed reimbursement mechanisms. We are leaders in efforts to establish cultural and linguistic access standards for health plans. We are leaders in information security and encryption and adoption of business practices based on state-of-the-art information technology standards.

We prepare for natural and manmade disasters. We collaborate with the California Department of Public Health Emergency Preparedness Office and respond appropriately to emergencies.

We respect our staff and colleagues. We provide support, feedback, training and opportunities for career advancement. We recognize that a diverse workforce is a strong workforce. We recognize and reward employee excellence.



VISION

Quality health care will be accessible and affordable to all Californians

We envision a health care system that provides:

Affordable comprehensive coverage,

High quality care that is respectful of ethnic and cultural differences,

Preventive care and personal responsibility for healthy behaviors,

Evidence-based care guided by the best scientific and medical knowledge,

Easily navigable and coordinated care,

Understandable and equitable rules for customers and providers, and

Fair reimbursement for providers and business partners.



When we realize this vision, all Californians will live healthier lives.



GOALS AND OBJECTIVES

Goal 1: Organize Care to Promote Improved Health Outcomes

- Objectives**
- A. Ensure every beneficiary has a medical home
 - B. Provide care in settings that promote community integration
 - C. Promote use of preventive, health improvement and wellness services/activities
 - D. Reduce disparities in health care delivery and health outcomes
 - E. Increase care management for those with the highest health burdens and costs
 - F. Promote quality improvement within the health care delivery system

Goal 2: Promote Comprehensive Health Coverage

- Objectives**
- A. Enroll eligible individuals
 - B. Retain eligible persons in health coverage

Goal 3: Measure Health System Performance and Reward Improved Outcomes

- Objectives**
- A. Measure health outcomes and provide information to providers, individuals and the public
 - B. Reward health plans, providers and business partners who are top achievers

Goal 4: Increase Accountability and Fiscal Integrity

- Objectives**
- A. Establish and monitor performance metrics for DHCS
 - B. Identify and improve high priority business practices
 - C. Improve relationships with business partners, stakeholder groups and policymakers
 - D. Reduce waste and fraud
 - E. Act in accordance with State and federal statutes and regulations
 - F. Identify and secure federal policy and rule changes that support DHCS programs

Goal 5: Ensure Viability and Availability of Safety Net Services

- Objectives**
- A. Identify mechanisms to maximize federal reimbursement for safety net services
 - B. Maintain availability of and access to safety net services

Goal 6: Expand and Promote Use of Information Technology

- Objectives**
- A. Identify top priority systems for modernization and improvement
 - B. Establish governance for DHCS and the California Department of Public Health (CDPH) shared information technology infrastructure services
 - C. Transition the support and control of non-infrastructure information technology services to CDPH

Goal 7: Recruit, Retain, Train and Nurture High Quality, Diverse Staff

- Objectives**
- A. Improve human resource processes and outcomes
 - B. Increase communication with employees about the impact of the Department's work
 - C. Promote worksite wellness
 - D. Support employee professional development and upward mobility
 - E. Participate in statewide and national policy organizations

¹ State of California, Department of Finance, Population Projections for California and Its Counties 2000-2050, by Age, Gender and Race/Ethnicity, Sacramento, California, July 2007.

² Public Policy Institute of California, *Just the Facts – California's Population*, July 2006.

³ UCLA Center for Health Policy Research, Chronic Conditions of Californians – Findings from the 2003 California Health Interview Survey, Jhawar and Wallace, December 2005.

⁴ California Obesity Prevention Plan: A Vision for Tomorrow, Strategic Actions for Today, Sacramento (CA): Department of Health Services; 2006.

⁵ UCLA Center for Health Policy Research, *Ask CHIS*, www.chis.ucla.edu.

⁶ California Healthcare Foundation, Health Care 101 Snapshot: California Addendum, 2006.

⁷ Kaiser Family Foundation, statehealthfacts.org, California: Medicaid Payments per Enrollee, FY2004.

⁸ UCLA Center for Health Policy Research, State of Health Insurance in California – Findings from the 2005 California Health Interview Study, E. R. Brown, et al., July 2005.



Department of Health Care Services

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